

STATE OF HAWAII
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February 13, 2015

The Honorable Donna Mercado Kim
President of the Senate
State Capitol, Room 409
Honolulu, Hawai'i 96813

Dear Madam President:

I transmit to you 15 analyses our office has completed on special and revolving funds proposed in the current legislative session. Our analyses were conducted pursuant to Section 23-11, HRS. Copies of these analyses have also been transmitted to the committees of referral.

Sincerely,

Jan K. Yamane
Acting State Auditor

Enclosures

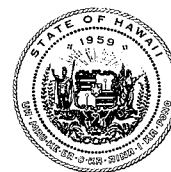
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ANALYSIS

Beach Clean-Up Special Fund
H.B. No. 749
Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Beach Clean-Up Special Fund in H.B. No. 749 Does Not Meet Criteria

Description and Purpose

This bill establishes the Beach Clean-Up Special Fund to be administered by the director of Health. The purpose of the fund is to collect fees for planning, designing, developing, and implementing beach land litter removal projects and providing grants to the counties and nongovernmental organizations for the removal of litter from beach land. Revenues to the fund shall come from beach clean-up cigarette fees imposed on wholesalers or dealers for each cigarette sold, used, or possessed. Other sources of revenue include donations and contributions made by private individuals or organizations and legislative appropriations.

Criteria

Our analysis is of the Beach Clean-Up Special Fund to support beach land litter removal activities. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a special fund. Although partial linkage exists between the sources of revenue and beach land litter removal activities, evidence is lacking to show that the fund is needed to support such activities and cannot be implemented through the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support beach land litter removal activities. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs has not been provided. In addition, an explanation of why such activities cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Partial linkage exists between the beach clean-up cigarette fees charged to wholesalers or dealers and the donations and contributions received with the costs associated with the beach land litter removal activities. However, linkage does not exist between legislative appropriations and the costs of such activities.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for beach land litter removal activities could be provided through direct general fund appropriations.

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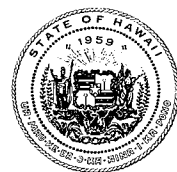
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ANALYSIS

Charter Schools Special Fund S.B. No. 252 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
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Analysis of the Charter Schools Special Fund in S.B. No. 252 Does Not Meet Criteria

Description and Purpose

This bill establishes the Charter Schools Special Fund to be administered by the State Public Charter School Commission. The purpose of the fund is to support the operation of the State Public Charter School Commission and the charter schools. Revenues to the fund shall come from appropriations by the Legislature for charter schools pursuant to section 302D-28 or 302D-29, HRS; appropriations for facilities funding pursuant to section 302D-29.5; appropriations by the Legislature for operation of the commission pursuant to section 302D-3(j); fees received by the commission pursuant to section 302D-3.2; and grants and donations from the federal government or any other governmental agency or private person. Moneys in the fund shall be used for the operation and maintenance of the charter schools, funding of charter school facilities in accordance with legislative appropriations pursuant to section 302D-29.5, and the operation of the commission.

Criteria

Our analysis is of the Charter Schools Special Fund to support the operational activities of the State Public Charter School Commission and charter schools. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a special fund. Although linkage exists between the sources of revenue and the operational activities of the commission and charter schools, evidence is lacking to show that the fund is needed and cannot be implemented through the general appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the operational activities of the commission and charter schools. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs have not been provided. In addition, an explanation of why the activities cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Linkage exists between the grants from the federal government or any other governmental agency or private person designated to support the commission or schools with the operational activities. Linkage also exists between the fees received and legislative appropriations made pursuant to statutes governing appropriations to the commission and charter schools with the operational activities.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for the operational activities of the commission and charter schools could be provided through general fund appropriations or legislative appropriations as governed by statutes identified in the proposed bill.

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ANALYSIS

County Infrastructure
Development Revolving Loan
Fund
H.B. No. 276 and S.B. No. 1026
Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



Analysis of the County Infrastructure Development Revolving Loan Fund in H.B. No. 276 and S.B. No. 1026

Does Not Meet Criteria

Description and Purpose

These bills establish the County Infrastructure Development Revolving Loan Fund to be administered by the Hawai'i Housing Finance and Development Corporation. The purpose of the fund is to provide no-interest loans to the counties for development, pre-development, or construction of infrastructure projects to expedite the building of affordable housing development. Revenues to the fund may come from the federal government, private contributions, loan payments and legislature appropriations. Funds shall be used for the planning, design, land acquisition, costs of options, agreements of sales or any other infrastructure-related services or activities. In addition, the Hawai'i Housing Finance and Development Corporation is to set an amount from the fund to be authorized by the Legislature, for administrative expenses incurred by the corporation but not to finance day-to-day expenses of projects allotted fund moneys.

Criteria

Our analysis is of the County Infrastructure Development Revolving Loan Fund to support the development of affordable housing through loan activities. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

These bills do not satisfy all criteria necessary to establish a revolving fund. Although the bills satisfy nexus or linkage requirements, and a revolving fund would be the appropriate type

for this financing activity, they lack evidence to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed for the purpose of providing no-interest loans to the counties for infrastructure improvements. Detailed financial information regarding sources of projected revenues and costs has not been provided.

Nexus or linkage

Nexus exists between the users of fund moneys—the counties who would borrow from the fund—and the payments the counties would make to repay the loans. Linkage exists between the revenues from the federal government, private contributions, and loan payments with the loan activities. Linkage also exists between the fund and legislative appropriations used as seed moneys to establish the revolving fund.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for the counties infrastructure development projects could be provided through direct general fund appropriations.

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ANALYSIS

Farm Worker Special Fund S.B. No. 111 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Farm Worker Special Fund in S.B. No. 111 Does Not Meet Criteria

Description and Purpose

This bill establishes the Farm Worker Subsidy Program and the Farm Worker Special Fund to be administered by the Department of Agriculture. The purpose of the program is to increase employment of entry-level farm workers in Hawai'i and encourage self-sufficiency and consumption of locally grown food. Revenues to the fund shall include legislative appropriations, grants, contracts, donations or private contributions, and interest earned or accrued on moneys deposited in the fund. This bill provides that an unspecified amount may be appropriated out of the general revenues of the State into the fund for fiscal years 2015-16 and 2016-2017. Moneys in the fund shall be used for providing subsidies to any qualified applicant who employs entry-level farm workers.

Criteria

Our analysis is of the Farm Worker Special Fund to support the Farm Worker Subsidy Program. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria necessary to establish a special fund. Although linkage exists between the sources of revenue and the program, evidence is lacking to show that the fund is needed to support the program and cannot be implemented under the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the program. Detailed financial information regarding projected revenues and costs has not been provided. In addition, an explanation of why the program cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Linkage exists between the program and revenues derived from grants, contracts, donations or private contributions, and interest earned and accrued in the fund. However, linkage does not exist between legislative appropriations and the program.

Self-sustainability

Estimated revenue and expenditure information have not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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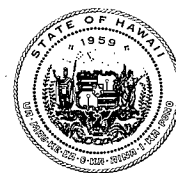
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ANALYSIS

Hawai'i Charter School Facility Development Special Fund H.B. No. 49 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Hawai'i Charter School Facility Development Special Fund in H.B. No. 49 Does Not Meet Criteria

Description and Purpose

This bill establishes the Hawai'i Charter School Facility Development Special Fund to be administered by the State Public Charter School Commission. The purpose of the fund is to support the development of charter school facilities. Revenues to the fund may come from grants, income tax contributions of money or in-kind services for the development of charter school facilities, endowments, gifts, loans, bond financing, interest earnings on moneys in the fund, and legislative appropriations. This bill also provides that an unspecified amount be appropriated out of the general revenues of the State into the fund for fiscal years 2015-2016 and 2016-2017. Moneys in the fund shall be used for the acquisition, planning, design, improvement, construction, equipping, furnishing, administering, operating, and maintaining of charter school facilities; or pledged by the commission to secure loans from private lending institutions. The primary beneficiaries are charter school students. A similar fund under the same name was proposed in H.B. No. 2576 during the 2014 legislative session.

Criteria

Our analysis is of the Hawai'i Charter School Facility Development Special Fund to support the charter school facility development activities. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a special fund. Although linkage exists between the sources of revenue and the activities, evidence is lacking to show that the fund is needed to

support the activities and cannot be successfully implemented under the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed for the purpose of developing charter school facilities or to be pledged to secure loans from private lending institutions. Detailed financial information regarding projected revenues and costs has not been provided. In addition, an explanation of why the activities cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Linkage exists between the activities and revenues from grants, contributions, endowments, gifts, loans, bond financing, and interest earnings. However, linkage does not exist between legislative appropriations and the activities.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for activities could be provided through direct general fund appropriations.

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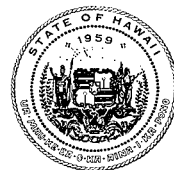
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ANALYSIS

Hawai'i Grown Origin Products Special Fund H.B. No. 1056 and S.B. No. 604 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Hawai'i Grown Origin Products Special Fund in H.B. No. 1056 and S.B. No. 604 Does Not Meet Criteria

Description and Purpose

These bills establish the Hawai'i Grown Origin Products Special Fund and the Hawai'i Grown Origin Products Commission. The commission shall be administratively attached to the Department of Agriculture. The purpose of the fund is to support the commission, including administering a program to identify, grade, label, certify, and classify agricultural products of Hawai'i origin. Fund revenues shall come from fees collected from use of the commission's certification or trademark on Hawai'i grown origin products, packaging containing Hawai'i origin products, and civil penalties and fines related to violations of the statute establishing the fund. The bills also provide that an unspecified amount be appropriated out of the general revenues of the State into the fund for fiscal years 2015-16 and 2016-17. Moneys in the fund shall be used by the commission to identify Hawai'i grown origin production areas, promote and protect Hawai'i grown origin products, and pay costs associated with monitoring certifications and trademarks. The primary users of the program are the local farmers and producers selling Hawai'i grown or produced products.

Criteria

Our analysis is of the Hawai'i Grown Origin Products Special Fund to support the Hawai'i Grown Origin Products Commission's program. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bills do not satisfy all criteria to establish a special fund. Although nexus and linkage exists between the sources of revenues

and the program, evidence is lacking to show that the fund is needed to support the program and cannot be successfully implemented under the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed for the purpose of supporting the program. Detailed financial information regarding fees to be charged, projected revenues, and costs has not been provided. In addition, a sufficient explanation of why the activities cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Nexus exists between the certification, trademark, and packaging fees with the program. Linkage exists between the fines imposed on persons for violating the statute governing certification of the Hawai'i grown origin products and the program.

Self-sustainability

The fund is intended to be self-sustaining. However, estimated revenue and expenditure information was not provided.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for the program could be provided through general fund appropriations.

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ANALYSIS

Hawai'i Hope Card Program Special Fund H.B. No. 58 and S.B. No. 471 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Hawai'i Hope Card Program Special Fund in H.B. No. 58 and S.B. No. 471 Does Not Meet Criteria

Description and Purpose

These bills establish the Hawai'i Hope Card Program and the Hawai'i Hope Card Program Special Fund to be administered by the Department of the Attorney General. The purpose of the program is to issue hope cards to holders of long-term protective orders to allow law enforcement to quickly verify the existence of the long-term protective orders and easily obtain information about the person to be restrained. Revenues to the fund shall come from fees collected for each hope card issued; gifts, donations, and grants from public agencies and private persons; and legislative appropriations. The bills also provide that an unspecified amount be appropriated out of the general revenues of the State into the fund for fiscal years 2015-2016 and 2016-2017. Moneys in the fund shall be used for staff positions; materials and equipment necessary to produce hope cards; internet and telephone access expenses; public information materials; and other administrative and operational costs of the program. The primary beneficiaries are the holders of the long-term protective orders. A similar fund under the same name was proposed in H.B. No. 1839 during the 2014 legislative session.

Criteria

Our analysis is of the Hawai'i Hope Card Program Special Fund to support the Hawai'i Hope Card Program. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bills do not satisfy all criteria necessary to establish a special fund. Although the bills satisfy clear nexus or linkage requirements, evidence is lacking to show that the fund is needed and cannot

be implemented through the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the Hawai'i Hope Card Program. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs have not been provided. In addition, an explanation of why the program cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Nexus exists between the charges made upon program users and the benefits sought. Linkage exists between the program and revenues derived from gifts, donations, and grants from public agencies and private persons. However, linkage does not exist between legislative appropriations and the program.

Self-sustainability

Estimated revenue and expenditure information have not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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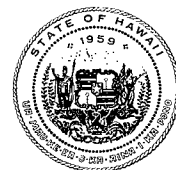
ANALYSIS

Infrastructure Capacity Construction Loan Revolving Fund

H.B. No. 441

Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Infrastructure Capacity Construction Loan Revolving Fund in H.B. No. 441

Does Not Meet Criteria

Description and Purpose

This bill establishes the Infrastructure Capacity Construction Loan Revolving Fund to be administered by the State Office of Planning. The purpose of the fund is to provide loans to the counties, state agencies, and private developers for infrastructure improvements related to new infrastructure capacity. Revenues to the fund shall come from moneys received from the counties for the repayment of loan principal and interest from various assessments or fees from special improvement districts, tax increment financing districts, community facilities districts, and other areas where property value increases are captured over periods of time. Other revenue sources shall come from federal grants and subsidies, private investors, voluntary contributions, and legislative appropriations. The bill provides that an unspecified amount of moneys be appropriated out of the general revenues of the State to the fund. Moneys in the fund shall be used to make loans to counties, state agencies, or private developers for the costs of new infrastructure, such as roads and sewer, water, and telecommunications systems. Moneys in the fund shall also be used to repay private investors for their investment plus any interest made into the fund.

Criteria

Our analysis is of the Infrastructure Capacity Construction Loan Revolving Fund to support the infrastructure improvements projects related to new infrastructure capacity. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the projects (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the projects cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the project users or beneficiaries, or (b) a clear link between the project and sources of revenue—as opposed to providing the project with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a revolving fund. Although the bill satisfies nexus or linkage requirements, and a revolving fund would be the appropriate fund type for this financing activity, it lacks evidence to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the infrastructure improvement projects. Detailed financial information regarding sources of projected revenues and costs has not been provided.

Nexus or linkage

Nexus exists between the users of fund moneys—the counties, state agencies, or private developers who would borrow from the fund—and the payments these borrowers would make to repay the loans. Linkage exists with federal grants and subsidies, as well as donations, investments, and contributions. Linkage also exist between the fund and legislative appropriations used as seed moneys to establish the revolving fund.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for the infrastructure improvements projects could be provided through direct general fund appropriations.

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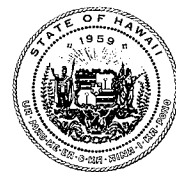
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ANALYSIS

Law Enforcement Standards Board Special Fund H.B. No. 1210 and S.B. No. 568 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Law Enforcement Standards Board Special Fund in H.B. No. 1210 and S.B. No. 568 Does Not Meet Criteria

Description and Purpose

These bills establish the Law Enforcement Standards Board Special Fund and the Law Enforcement Standards Board. The board shall be administratively attached to the Department of the Attorney General. The purpose of the board is to govern employment of state and county law enforcement officers. Specifically, the board would set up and enforce training and qualification requirements for state and county law enforcement officers, including standards for minimum age, education, physical and mental aptitude, citizenship, moral character, and experience. The board would certify that a person meets these standards and could deny or revoke the certification of anyone who did not meet or maintain the standards. Revenues to the fund shall come from fees charged to law enforcement officers seeking board certification; gifts, grants, and interest on moneys in the fund; and legislative appropriations. The bills also provide that an unspecified amount be appropriated out of the general revenues of the State into the fund for fiscal years 2015-16 and 2016-17. Similar funds under the same name were proposed in H.B. No. 1803 and S.B. No. 2937 during the 2014 legislative session.

Criteria

Our analysis is of the Law Enforcement Standards Board Special Fund to support board activities. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

These bills do not satisfy all criteria to establish a special fund. Although nexus and linkage exists between the fees to be charged

and sources of revenue with the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be successfully implemented under the general fund appropriation process.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support board activities. Detailed financial information regarding fees to be charged, projected revenues, and costs has not been provided. However, a sufficient explanation of why the activities cannot be successfully implemented under the general fund appropriation process was provided.

Nexus or linkage

Nexus exists between the fees charged to law enforcement officers and the activities. Linkage exists between the gifts, grants, and interest earned with the activities. However, linkage does not exist between legislative appropriations and the activities.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Alternate sources of revenue have not been identified.

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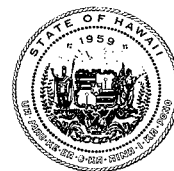
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ANALYSIS

Plastic Pollution Special Fund S.B. No. 575 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Plastic Pollution Special Fund in S.B. No. 575 Does Not Meet Criteria

Description and Purpose

This bill establishes the Plastic Pollution Special Fund to be administered by the Department of Health. The purpose of the bill is to reduce the State's production of waste and its negative impact on the environment by prohibiting the sale of personal care products that contain synthetic plastic microbeads and decreasing the accumulation of marine microplastics. The purpose of the fund is to support the activities for reduction of plastic pollution. Revenues to the fund shall come from legislative appropriations, grants, gifts, and interest earned on the moneys deposited into the fund. Other revenue sources include fines and penalties of not more than \$2,500 per day for each violation of any person found to violate the prohibition on the sale of personal care products containing synthetic plastic microbeads. Moneys in the fund shall be used by the department to reduce plastic pollution.

Criteria

Our analysis is of the Plastic Pollution Special Fund to support the reduction of plastic pollution. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not meet all criteria to create a special fund. Although partial linkage exists between the fees to be charged and source of revenue with the activities, evidence is lacking to show that the fund is needed to support the activities and cannot be implemented through the general fund appropriation process. Evidence is also

lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support plastic pollution reduction activities. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs has not been provided. In addition, an explanation of why the activities cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Partial linkage exists between the fines, penalties, gifts, grants, and interest earned with the plastic pollution reduction activities. However, linkage does not exist between legislative appropriations and the activities.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for this activity could be provided through direct general fund appropriations.

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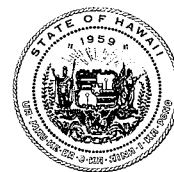
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ANALYSIS

Resources for Enrichment,
Athletics, Culture, and Health
(R.E.A.C.H.) Program
Revolving Fund
H.B. Nos. 397 and 959, and
S.B. Nos. 980 and 1128
Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the Resources for Enrichment, Athletics, Culture, and Health (R.E.A.C.H.) Program Revolving Fund in H.B. Nos. 397 and 959, and S.B. Nos. 980 and 1128

Does Not Meet Criteria

Description and Purpose

These bills establish the Resources for Enrichment, Athletics, Culture, and Health (R.E.A.C.H.) Program and the R.E.A.C.H. Program Revolving Fund, to be administered by the Office of Youth Services, Department of Human Services. The purpose of the program is to establish, support, or enhance after-school programs in public middle or intermediate schools. Revenues to the fund shall come from fees collected by the office, legislative appropriations, interest earned on the deposit of investment of moneys in the fund, and any other moneys made available to the fund from any other sources. The office may establish participation fees and other charges to be assessed to each student for the cost of administering and operating the program. Moneys in the fund shall be used to supplement the costs of administering and operating the program, including hiring personnel; promoting afterschool program activities; conducting afterschool education and demonstration projects; contracting for services for afterschool programs; and funding associated expenses for after-school programs. A similar fund under the same name was proposed in H.B. Nos. 1756 and 2330, and S.B. Nos. 2441 and 2880 during the 2014 legislative session.

Criteria

Our analysis is of the R.E.A.C.H. Program Revolving Fund to support the program. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

These bills do not satisfy all criteria to establish a revolving fund. The bills satisfy clear nexus or linkage requirements with respect to user charges and a revolving fund would be the appropriate fund type for this financing activity. However, evidence is lacking to demonstrate that the fund has the capacity to be financially self-sustaining. The program could also be implemented under the general fund appropriation process.

Demonstrated need for the fund

The criteria for demonstrating the need for the revolving fund has not been met because it can be implemented under the general fund appropriation process, provided funds are appropriated by the Legislature each fiscal year.

Nexus or linkage

Nexus exists between the charges made upon the program users and the benefits sought. Linkage exists between the program and the interest earned. It is unclear, however, whether linkage exists between the program and other moneys made available from other sources. Linkage also would exist between the fund and legislative appropriations used as seed moneys to establish the revolving fund.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for the program could be provided through direct general fund appropriations.

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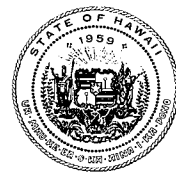
ANALYSIS

School Capital Improvement Project Crowdfunding Special Fund

H.B. No. 692

Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the School Capital Improvement Project Crowdfunding Special Fund in H.B. No. 692 Does Not Meet Criteria

Description and Purpose

This bill establishes the School Capital Improvement Project Crowdfunding Special Fund to be administered by the Department of Education. The purpose of the fund is to provide a method of financing all or part of specific school capital improvement projects within the department. Revenues to the fund shall come from donations received by the department through crowdfunding for specific capital improvement projects. Crowdfunding is the practice of funding a project by soliciting and receiving via the Internet multiple monetary donations that do not exceed \$2,000 each. Other revenue sources shall include interest earned or accrued on moneys deposited into the fund and legislative appropriations. Moneys in the fund shall be used to completely or partially fund specific school capital improvement projects.

Criteria

Our analysis is of the School Capital Improvement Project Crowdfunding Special Fund to support the school capital improvement projects. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the projects (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the projects cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the project users or beneficiaries, or (b) a clear link between the projects and sources of revenue—as opposed to providing the projects with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a special fund. Although linkage exists between the sources of revenue and the school capital improvement projects, evidence is lacking to show that the fund is needed and cannot be implemented through the general appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support school capital improvement projects. Detailed financial information regarding sources of projected revenues and costs has not been provided. In addition, an explanation of why such projects cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Linkage exists between the donations received through crowdfunding and related interest earned and accrued with school capital improvement projects. However, linkage does not exist between legislative appropriations and school capital improvement projects.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for school capital improvement projects could be provided through direct general fund appropriations.

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ANALYSIS

State Investment Special Fund H.B. No. 400 Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the State Investment Special Fund

H.B. No. 400

Does Not Meet Criteria

Description and Purpose

This bill establishes the State Investment Special Fund and the State Investment Board. The State Investment Board shall be a public body corporate and politic and an instrumentality and agency of the State that is administratively attached to the Department of Accounting and General Services. The purpose of the board is to administer the State Investment Special Fund and to encourage economic development by generating revenue through the investment of public funds. The funds shall be invested with the goal of maximizing long-term return on investment. Revenues to the fund shall come from interest earned on or accrued to moneys deposited in the fund, moneys earned on investments, other moneys made available to the fund from other sources, and legislative appropriations. This bill also provides that \$1,000,000 or so much thereof be appropriated out of the general revenues of the State into the fund for the fiscal years 2015-16 and 2016-17. Moneys shall be used for investments and board operating expenses, including third-party service contracts to manage and operate the board.

Criteria

Our analysis is of the State Investment Special Fund to support State Investment Board activities. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the activities (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the activities cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the activity users or beneficiaries, or (b) a clear link between the activities and sources of revenue—as opposed to providing the activities with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

The bill does not satisfy all criteria to establish a special fund. Although linkage exists between the interest and investment

earnings, evidence is lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support State Investment Board activities. Detailed financial information regarding sources of projected revenues and costs has not been provided.

Nexus or linkage

Linkage exists between the interest revenues on moneys in the fund and moneys earned on investments with the activities. It is unclear, however, whether linkage exists between the activities and other moneys made available from other sources.

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

No other alternate funding sources have been identified.

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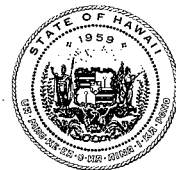
ANALYSIS

University of Hawai'i at Hilo
College of Pharmacy Special
Fund

H.B. No. 548

Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes, requires the Auditor to submit no later than 30 days prior to the end of the legislative session an analysis of each new special or revolving fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the University of Hawai'i at Hilo College of Pharmacy Special Fund in H.B. No. 548 Does Not Meet Criteria

Description and Purpose

This bill establishes the University of Hawai'i at Hilo College of Pharmacy Board of Governors, whose powers and duties shall include oversight for planning, designing, constructing, maintaining, and operating an educational facility for the University of Hawai'i Hilo College of Pharmacy, and assisting the college with adjusting college tuition costs. This bill also establishes the University of Hawai'i at Hilo College of Pharmacy Special Fund to be administered by the board. Revenues to the fund shall come from all college revenues, including revenues and interest accrued from tuition, grants, fees, and donations. Moneys in the fund shall be used to reimburse revenue bond costs for bonds issued to construct and maintain the college; procure loans from a financial institution to construct, maintain, and operate the college; pay debt service on any loans made by financial institutions to the college; and pay pro-rata share of departmental administrative expenses charged pursuant to section 36-30, Hawai'i Revised Statutes. A similar fund under the name University of Hawai'i at Hilo Pharmacy School Special Fund was proposed in H.B. No. 1652 and S.B. No. 2550 during the 2014 legislative session.

Criteria

Our analysis is of the University of Hawai'i at Hilo College of Pharmacy Special Fund to support the University of Hawai'i at Hilo College of Pharmacy. Three criteria are used in analyzing the fund:

1. The need for the fund, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the fund demonstrates the capacity to be financially self-sustaining.

Analysis

This bill does not satisfy all criteria necessary to establish a special fund. Although the bill satisfies clear nexus or linkage requirements, evidence is lacking to show that the fund is needed to support the college and cannot be successfully implemented under the general fund appropriation process. Evidence is also lacking to demonstrate that the fund has the capacity to be financially self-sustaining.

Demonstrated need for the fund

There is insufficient information to demonstrate the fund is needed to support the University of Hawai'i at Hilo College of Pharmacy. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs has not been provided. In addition, an explanation of why the college cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Nexus exists between the charges made upon users in the form of tuition and fees and the benefits sought by the college. Linkage exists between the grants or donations received and interest accrued thereon.

Self-sustainability

Estimated revenues and expenditure information has not been provided to demonstrate that the fund has the capacity to be financially self-sustaining.

Probable Effects

Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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ANALYSIS

University of Hawai'i-West O'ahu
Conference Center Revolving
Fund and Conference Center
Revolving Fund; University of
Hawai'i-West Oahu
H.B. Nos. 98 and 976, and
S.B. Nos. 373 and 1145
Does Not Meet Criteria

Section 23-11, Hawai'i Revised Statutes,
requires the Auditor to submit no later than 30
days prior to the end of the legislative session
an analysis of each new special or revolving
fund proposed by legislative bills.



THE AUDITOR
STATE OF HAWAII

Analysis of the University of Hawai'i-West O'ahu Conference Center Revolving Fund and Conference Center Revolving Fund; University of Hawai'i-West Oahu H.B. Nos. 98 and 976, and S.B. Nos. 373 and 1145 Does Not Meet Criteria

Description and Purpose

These bills establish the University of Hawai'i-West O'ahu Conference Center Revolving Fund and Conference Center Revolving Fund; University of Hawai'i-West O'ahu. The funds are to be administered by the chancellor of the University of Hawai'i-West O'ahu or the chancellor's designee. The purpose of the funds is to cover the costs associated with the University of Hawai'i-West O'ahu Conference Center Program, including conferences, seminars, and courses. Moneys in the funds shall be used for honoraria, hotel and room rentals, food and refreshment, printing and mailing, airfare and per diem, lei, rental of audiovisual equipment, and conference supplies and materials. Revenues to the funds shall come from fees, charges, and other moneys collected in conjunction with the program.

Criteria

Our analysis is of the University of Hawai'i-West O'ahu Conference Center Revolving Fund and Conference Center Revolving Fund; University of Hawai'i-West O'ahu, to support the University of Hawai'i-West O'ahu Conference Center Program. Three criteria are used in analyzing the funds:

1. The need for the funds, as demonstrated by the purpose and scope of the program (including financial information on fees to be charged, projected revenues, and costs) and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
2. Whether there is (a) a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or (b) a clear link between the program and sources of revenue—as opposed to providing the program with an automatic means of support that is removed from the normal budget appropriation process; and
3. Whether the funds demonstrate the capacity to be financially self-sustaining.

Analysis

These bills do not satisfy all criteria to establish revolving funds. Although linkage exists between the sources of revenue and the program, evidence is lacking to show that the funds are needed and cannot be implemented through the general appropriation process. Evidence is also lacking to demonstrate that the funds have the capacity to be financially self-sustaining.

Demonstrated need for the funds

There is insufficient information to demonstrate the funds are needed to support the program. Detailed financial information regarding fees to be charged, sources of projected revenues, and costs has not been provided. In addition, an explanation of why the program cannot be successfully implemented under the general fund appropriation process was not provided.

Nexus or linkage

Linkage exists between revenues from fees, charges, and other moneys collected with the costs associated with the program

Self-sustainability

Estimated revenue and expenditure information has not been provided to demonstrate that the funds have the capacity to be financially self-sustaining.

Probable Effects

Additional administrative costs associated with a new fund will be incurred by central service agencies of state government. Undetermined amounts of revenue will be deposited into the fund and will not be subject to the normal lapsing requirements. From a legislative perspective, special and revolving funds are less desirable because the funding stream is not fully controlled by the appropriation process. Legislative control is reduced because special and revolving funds divert moneys from the general fund and distort the State's financial picture by making revenues and expenditures appear to be less than they are.

Alternate Funding

Support for this program could be provided through direct general fund appropriations.

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